Department of Medical Assistance Services
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www.dmas.state.va.us

MEDICAID
MEMO

TO:　　　　All Providers participating in the Virginia Medical Assistance Program, FAMIS, SLH and Managed Care Organizations providing services to Virginia Medicaid Recipients

FROM:　　　Patrick W. Finnerty, Director
　　　　　　Department of Medical Assistance Services

MEMO　Special

DATE　12/24/02

SUBJECT:　HIPAA Transactions and Code Sets Update

The Department of Medical Assistance Services (DMAS) previously notified you about the new Medicaid Management Information System (MMIS) that is under development. DMAS has also undertaken this development effort in order to comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). At this time, we want to provide you with more detailed information regarding the following items: HIPAA Transactions and Code Sets Implementation Schedule, HIPAA Implementation Guides and DMAS Companion Guides, Technical Support and Trading Partner Testing, Elimination of Local Codes, Provider Training, and DMAS' HIPAA website.

Standard Transactions and Code Sets Implementation Schedule: The new MMIS will be compliant with all HIPAA-required Accredited Standards Committee (ASC) transactions version 4010 with Addendum and national code sets. These transactions include the following: X12N 837 Claims and Coordination of Benefits (COB), X12N 835 Remittance Advice, the X12N 270/271 Eligibility Inquiry and Response, the X12N 278 Prior Authorization, the X12N 276/277 Claims Status Inquiry and Response, the X12N 820 HMO Premium Payment and the X12N 834 HMO Roster. In addition, Pharmacy Claims will use NCPDP version 5.1. DMAS has targeted release of the HIPAA-compliant new MMIS system for **June 20, 2003**. The new MMIS is expected to be fully compliant with all HIPAA-required standard transactions and national code sets at that time. However, since our HIPAA-compliant system will be implemented before the extended mandatory HIPAA compliance date of October 16, 2003, DMAS will continue to accept other electronic media claims and Local Codes until compliance becomes mandatory.

HIPAA Implementation Guides and DMAS Companion Guides: The HIPAA Implementation Guides adopted for use are published by the Washington Publishing Corporation

and can be accessed at the following website: http://www.wpc-edi.com/hipaa/HIPAA_40.asp
DMAS has authored companion guides that supplement the HIPAA Implementation Guides for
doing business with DMAS. The DMAS Companion Guides can be accessed at:
http://virginia.fhsc.com.

Technical Support and Trading Partner Testing: DMAS' fiscal agent, First Health Services,
will be providing support for HIPAA technical issues. They can be contacted at:

E-mail   edivmap@fhsc.com
Phone   (888) 829-5373, Option 2
Fax   (804) 273-6797

Testing HIPAA Transactions and Code Sets will be a large undertaking for all parties. The
system will be ready to begin HIPAA testing with external trading partners by April 16, 2003 in
accordance with the terms of the one-year extension. An additional Medicaid Memo that
outlines Trading Partner testing procedures with DMAS will follow in the first quarter of 2003.

DMAS has considered various options to ease the burden of testing on enrolled providers. The
Workgroup for Electronic Data Interchange (WEDI) has recommended third party certification
for HIPAA-compliant transactions and code sets, and DMAS has decided to follow their lead.
Accordingly, we are requiring that clearinghouses, intermediaries, and providers who submit
electronic transactions directly to our fiscal agent perform transaction testing and certification
with a third party certification vendor such as HIPAA Validator or CLAREDI. This will
facilitate the testing process and provide you with early notification regarding your compliance
with HIPAA.

DMAS Trading Partners should successfully complete their testing through Level 2 and be
certified prior to full-scale open trading partner testing with DMAS, which is scheduled to begin
April 16, 2003. Additional information on certification can be found at http://www.claredi.com
or http://www.foresightcorp.com.

Elimination of Local Codes: The HIPAA Transactions and Code Sets regulations prohibit the
use of Local Codes for procedures. DMAS will not accept Local Codes with dates of service
after October 15, 2003. If you are a provider and submit claims electronically, the ASC X12 837
you submit will need to use national codes. If you are a provider and submit claims on paper,
you will need to use national codes as well. In either situation, if you submit claims with Local
Codes that have Dates of Service after October 15, 2003, the claims will be denied. DMAS
formed a workgroup consisting of internal and external subject matter experts to identify and
replace the Local Codes that are critical to DMAS business practices and program needs. The
majority of Local Codes were identified with alpha "Y" or "Z" as first character in the code.
The workgroup has identified and cross-walked these Local Codes to standard National Codes
(Healthcare Common Procedure Coding System, Level 1-111 and the Current Dental
Terminology). This crosswalk can be viewed and printed *beginning February 3, 2003* from the
DMAS website at: http://www.dmas.state.va.us/HIPAA/HIPAA.htm.

Provider Training: Before the new system is implemented, DMAS will be conducting extensive provider training on the changes that impact you. You will receive provider training notices giving you details of the training to be conducted next year. In addition, DMAS will conduct four more statewide vendor shows for Medicaid-enrolled providers, their staff, and business partners. These vendor shows will provide information about the electronic eligibility verification options as well as EDI vendor solutions. You will also receive vendor show meeting notices once those plans have been finalized. For your convenience, provider-training notices can be viewed any time on DMAS' Learning Network website at: http://www.dmas.state.va.us/Learning_Network/dmas_learning_network.htm.

DMAS' HIPAA WEBSITE

DMAS has a HIPAA website available for your use. The website has been established for our enrolled providers, special interest groups, and other DMAS business associates. It provides general information regarding HIPAA and will also serve as a reference guide for provider-related information we need to convey. For up-to-date information on DMAS' HIPAA compliance initiatives, continue to check our website at: http://www.dmas.state.va.us/HIPAA/HIPAA.htm.

Please make note of these changes. For any general inquiry questions, please continue to call the DMAS Provider Helpline.

COPIES OF MANUALS

DMAS publishes copies of its provider manuals and provider manual up-date transmittals on its website at www.dmas.state.va.us. The provider manuals and transmittals can be viewed on and printed from the website. The transmittals describe the updated materials and manual chapters and pages revised. For a list of updates, click on "up-date transmittals" in the "Provider Manuals" column. If you do not have access to the Internet, or would like a paper copy of a manual, you can order these by contacting Commonwealth-Martin at 804-780-0076. A fee will be charged for the printing and mailing of the manuals and manual updates requested.

"HELPLINE"

The "HELPLINE" is available Monday through Friday from 8:30 a.m. to 4:30 p.m., except State holidays, to answer questions. The "HELPLINE" numbers are:

786-6273	Richmond area
1-800-552-8627	All other areas

Please remember that the "HELPLINE" is for provider use only.